

**ST.MARY'S UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT**

**AN ASSESSMENT OF CHANGE MANAGEMENT
IN THE CASE OF ETHIOPIAN REVENUE AND CUSTOMS
AUTHORITY**

**BY
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**JUNE 2014
ADDIS ABABA**

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AUTHORITY**

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Abbreviations

CSRP: Civil Service Reform Program

ERCA: Ethiopian Revenues and Customs Authority

EMI: Ethiopian Management Institution

VAT: Value Added Tax

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations are changing at a faster pace than ever before due to different internal and external pressures. Change is becoming a constant phenomenon for most organization and their employees. The pole and magnitude of change have increased significantly in recent years. To survive and grow, organization should copeup with emerging environmental change by applying different strategies.

Change is an important aspect of organizations for different reasons. The most important reason however is that organizations need change because their internal and external environments change. Especially, Changes occurring in the external environment significantly affects organization and trigger internal reaction (Bateman and Zeithaml, 1993)

Changes within an organization take place in response both to business and economic events and to processes of management perception, choice and action. Managers in this sense see events taking place that to them signal the need for change.

If there is one thing upon which a manager can depend, it is that change was happen frequently and often, unexpectedly. The one constant in most managers lives is that, when arriving at the office in the morning something have changed since they left if the previous evening. The change might be subtle and at first, hard to perceive or define or it might be radical (unexpected take over, for example) and something that requires immediate action.

There has been much managerial and academic energy expanded upon change. Especially in the last 15 years. Hughes(2006) believes that change management as a practice only really began around 1990 so most of the literature and wisdom is pretty much contemporary.

One issue which always needs to be resolved was that of responsibility for change. The manager arriving at the office was not always being part of the change design team. If so, it can be an uncomfortable process to undergo. One can design change, champion it. Communicate it, ignore it or resist it but one has to cope with it somehow much of the conventional wisdom about change,

for instance, believes that resistance is wrong, whereas, in fact, it can be both beneficial and constructive as Waddell and other have show. We were briefly examine some of the more accepted schools of thought concerning change management identify the key change models and questions whether we can ever influence change if we did not think of it first.

The Ethiopian Revenue and Customs Authority is one of a body responsible for collecting revenue from customers and domestic taxes. The Authority comes into existence on 14 July 2003, by merge of Revenue, Ethiopian Customs Authority and the Federal Inland Revenue Authority who formally responsible to raise tax revenue for federal government and to prevent contrabands which were the reasons for the merge of the forgoing administrations into a single authority varied and complex. Therefore for this vast and complex office it is necessary if the change management has to be done and revised its management still in the new form.

1.2 Statement of the problem

An organization must respond and adapt to government and customer's/stakeholders to survive and thrive. It must innovate and continuously improve its products and services to meet changing customer demands and competition. Technologies must be adapted and new and better way to organize and manage operations must be introduced. Policy and strategy changes and revision, introduction of new systems, working methods, procedures and other instruments among others are demanded for change oriented managers of the organization.

According to article 3 of the proclamation no. 587/2008, the authority is looked up on as “an autonomous federal agency having its own legal responsibility”. The Authority came in to existence on 14, July 2008, by the merge of revenue, Ethiopian customs Authority and the Federal Inland Revenue Authority who formally were responsible to raise revenue for the Federal government and to prevent controband, reasons for the merge of the foregoing administration in to a single autonomous Authority varied and complex .

some of the reasons includes;

- 1) To provide the basis for modern tax & customs administrations.
- 2) To cut through the red tap or avoid unnecessary and redundant procedures that results delay and considered cost inefficient.

- 3) To be much more effective and efficient in keeping & utilizing information, promoting law and order, resource utilization and service delivery.
- 4) To transform the efficiency of the revenue sector to a high level.

In connection with change management the most striking question arises as: why is change necessary or important to organization? The answer is simple, i.e. organizations must change because their environment change they must continually change and adapt with the environmental changes. Organizations that do not adapt to change in a timely way are unlikely to compete and survive. Change is unstoppable, and no organization can avoid it. Unless they adapt to accelerating and increasingly complex changes, survival, even for the most successful organizations, cannot be taken for granted.

The Ethiopian Revenue and Customs Authority can change its management in the new form, but still and unable to provide efficient services that satisfy its customers in providing efficient and effective services especially in a decision making parts which needs to be changed. So the study tries to assess such above mentioned issues that are the problem of fast decision making that needs change management.

1.3 Research Questions

1. How is the awareness level and attitude of management and employees of ERCA towards change management?
2. What are the opportunities of change management undertakings in ERCA?
3. What are the major problems that impede implementation of change management?

1.4 Objective of the Study

1.4.1 General Objectives

The general objective of the study was to assess change management effectiveness and practices of Ethiopian Revenue & Customs Authority Head Office.

1.4.2 The Specific Objectives of the study were to:

- > Understand the awareness level and attitude of employees and management of ERCA towards the change management.
- > Discover the prospects (indicative achievements) that uphold the success of change management implementation.
- > Identify the challenges encountering the implementation of change management.

1.5 Significance of the Study

This research was providing as with the general insight of the change management of Ethiopian Revenue and Custom Authority.

S It may contribute its part as an input for the research done on change management issues for the future.

S It may help the Ethiopian Revenue and custom Authority head office to improve its change management practice.

S It may serve as a reference material for further study.

1.6 Delimitation/Scope of the study

This study was conducted on the Ethiopian Revenue Customs authority which is established in proclamation no. 587/2008, the authority is looked up on as “an autonomous federal agency having its own legal responsibility” and came in to existence on 14, July 2008, by the merge of revenue, Ethiopian customs Authority and the Federal Inland Revenue Authority who formally were responsible to raise revenue for the Federal government and to prevent contraband, reasons for the merge of the foregoing administration in to a single autonomous Authority varied and complex. I use data starting from 2001E.C. the study is delimited in evaluating and assessing by taking three consecutive years i.e. 2001, 2002 and 2003 E.C. which is the time when the Authority implemented the change management. The study will be carried out in head office located at Addis Ababa namely Megenagna area.

1.7 Limitation of the study

Research work requires time, money and other resources. The time given for the research work was not adequate enough to do more, since the student is a full time worker and also a student. In addition, the willingness of the employees to give adequate information and their attitude to fill the questionnaire was another limitation of the study.

1.8 Definition of Terms/Concepts

Change - is refers to the movement of organizations from the current situation which is undesirable to a more desirable proper condition(Burnes B. (2000).

Tax - a fee charged (levied) by a government on a product, income or activity. (Tax Law Design and drafting value added tax, David Williams and international monetary fund 1996)

Customs- is an authority or agency in a country responsible for collecting & safeguarding (Customs law in Ethiopian, 2003).

1.9 Research Design and Methodology

1.9.1 Research Design

The study was intended to address descriptive research design because it was helpful to obtain information about the current change management practice in the office that mentioned above.

1.9.2 Population, sample size and sampling techniques

The population for this study was employees of Ethiopian Revenue & Customs Authority head office by simple Random sampling techniques to collect the necessary primary data that is going to be used in the study.

The total number of population in the head office are 715 out of which 215(30%) are taken as a sample size simple random sampling technique was employed for the study because it is easy and appropriate for this study.

The student was use through questioner was analyzed quantitative. In quantitative case percentage, cross tabulation, a descriptive statistics was employee for data collected by close ended questioner. And the data obtained through interview was analyzed qualitative.

1.9.3 Types of Data collected

The student researcher was using both qualitative & quantitative data to make the research more comprehensive. The data was gathered from both primary & secondary data. Primary data was gathered from employees & managements through questionnaires and interviews for the employees and middle level managers of ERCA and secondary data from the company's documents and books.

1.9.4 Method of data collection

Data collection was made through primary & secondary data collection method. Primary data was gathered from employees & managements through questionnaires and interviews and secondary data from Ethiopian Revenue and Customs Authority Head office documents and books.

1.9.5 Data analysis method

Depending on the nature of data was collect from different sources the student was use through questioner was analyzed quantitative. In quantitative case percentage, cross tabulation, a descriptive statistics was employee for data collected by close ended questioner. And the data obtained through interview was analyzed qualitative. Secondary data has also been collected from sources such as proclamations, regulations, bulletins, reports, and monthly published news paper called ‘Gebi Lelimat’

1.10 Organization of the Paper

The paper organized in to four chapters. The first chapter introduction part of the study and it includes the background of the study, statement of the problem, objective of the study, research question of study, scope of the study and significance of the study.

The second chapter is all about review of related literature. Third Chapter includes data presentation, analysis and interpretation of the study. Chapter four deals with summary of major findings, conclusion and recommendation of the study.

Chapter Two

REVIEW OF RELATED LITERATURE

Change management is a systematic approach to dealing with change both from the perspective of an organization and on the individual level. A same what ambiguous term, change management has at least three different aspects including adapting to change, controlling change, and effecting change. A proactive approach to dealing with change is at the core of all three aspects, for an organization change management means defining and implementing procedures and or techniques to deal with changes in the business environment and to profit from changing opportunities. Successful adaptation to change is as a crucial within an organization as it is in the natural world, just like plants and animals, organization and the individuals in them inevitably encounter changing conditions that they are powerless to control. The more likely you are to thrives adaption might involve establishing a structured methodology for responding to changes in the business environment or establishing coping mechanisms for responding to changes in the work place (such as new polices or technologies (Paulson,1996:119).

2.1 The Concept of Change management

Wikipedia, the free encyclopedia, defines change as /'Fundamentally ,change denotes the transition occurs when something goes from being the same to being different."

Similarly, the free on line dictionary define change as a transformation or a transition from one state, condition, or phase to another. Change, in organizations, may take place in order to respond to a new opportunity and to avoid a threat to the organization. Change involves moving from the known to the unknown. This makes it difficult to get the results wanted from major organizational changes to successfully manage changes and avoid headaches during the process requires identification and implementation of the right change management approach for the specific case (Cummins and Worley,1993 cited by Yetemageta in Conference on the Achievements. Challenges and Prospects of CSRP in Ethiopia, 2007:196).

According to Yetemageta (2007:196-197) in thinking about what is meant by change management, at least four basic definitions come to mind: an area of professional practice where by independent consultants live on change management by doing change management

practice as a profession; a body of knowledge whereby the subject matter of change management is drawn from psychology, economics, sociology, business administration, the study of human and organizational behavior, etc; a control mechanism in which change management ,in some cases, is considered as a control mechanism consisting of requirements ,standards, processes ,and procedures; the task of managing change which obviously refers to the task of managing change (ibid).

2.1.1 Models or Approaches to Change and Change Management

Lewin's Model of Change: Lewin (1951) described change as a three stage process unfreezing stage which involved overcoming inertia dismantling the existing mind set; change occurring stage in which one is aware that the old ways are challenged ,but does not have a clear picture to replace them with yet and hence said to be a period of confusion; refreezing stage where by the new mind set is crystallizing and one's comfort level is returning to previous levels.

Adkar Model of Change: Hiatt (2006) presents five building blocks that an organization must obtain to realize change successfully. These include awareness, desire, knowledge, ability and reinforcement in which organization can go through these stages as quickly as possible.

Gleicher's Formula for Change: This formula illustrates that the combination of organizational dissatisfaction, vision for the future, and possibility of immediate, tactical action must be stronger than the resistance within the organization in order for meaningful change to occur.

Kotter Model of Change: This model is based on a research which shows that there are eight critical steps an organization needs to go through to ensure that change happens and sticks. These are establishing sense of urgency, form a powerful guiding coalition, creating a vision, communicating the vision, empowering others to act on the vision, planning and creating short term wins, consolidating improvements, and producing still more changes, institutionalizing new approaches.

2.1.2 Attitude and Attitudinal change

Ajzen 1982 cited in Eshetie(2007:225) defined attitude as the predisposition to respond in a generally favorable or favorable manner with the respect to the object of the attitude. Similarly, Wood and Wood 1993 in Eshetie A. (2007:225) defined attitude as a relatively stable evaluation of a person, object, or situation/issue. It is a mental position with regard to a fact or state. It enables us to appraise people, object or situation. Attitude guides our behavior, influences our social judgment and decision. Attitude has three components: Cognitive (our thought and belief about attitudinal object); Emotional (our feelings toward attitudinal object); and Behavioral (how we are predisposed to act toward the object).

According to (Hammer, 1996:239) character has been defined as what you do when no one is watching. It can also be defined as how you interpret your own story. If you answer ‘yes’ to any of the following questions, you are definitely not yet ready for the process-centered world.

2.1.3 The Process of Change

When a new idea is conceived in traditional companies without built in change enabling mechanisms, it must run a gauntlet of gatekeepers before reaching any one with authority and resources to act on it. Even when a good idea manages to find a champion, it is analyzed and pounded by a seemingly endless parade of taskforces, committees and study groups. By the time these notion gets to a point of action the opportunity it was meant to capture has often passed. The implicit assumption underlying all this is that innovation is risky and suspect, and that carrying on in the traditional way is almost always the best course(Hammer, 1996:207).

According to (Hammer, 1996:210) most companies’ compensation systems were also designed to reinforce and perpetuate behavior inimical to change. When employees are paid putting in time not creativity- is what employers can expect from them. When incentive plans reward success but ignore or punish worthy failure, even the boldest innovators will limit them to sure bet that equally obvious to the competition.

Senior managers were rarely interested in hearing about ideas that “might” work. A fantasy world of decision trees and Bayesian analysis perpetuated a mindset that the world was predictable, and that failure, a sign of incompetence, was avoidable. Indeed, a formal system of change is not even on most organizations’ radar screens. Today an inquiry in an

organization's systems for change will provoke similar scorn yet an organization without a system for change is not likely to change (Hammer, 1996:211).

The rate of change in the economic environment has become exponential. Organizations built for yesterday can't and do not work today, and today's organization may not work tomorrow. Therefore, organizations can accommodate the forces of change only by creating and institutionalizing a capacity for changing themselves. The secret of success is not predicting the future; it is creating an organization that will thrive in a future that cannot be predicted (Hammer, 1996: 213).

According to Hammer (1996:234) in process centered organizations there must be big picture thinkers. This type of thinking is an absolute requirement for all jobs in process centered organization but a great many people-perhaps most-have no experience with it. All of us live in boxes of one kind or another. There is another way to develop big-picture thinking skills that may sound far-fetched to some: learn to program a computer. The logic behind is that computer programming is nothing but an exercise in systems thinking. Young people have an advantage over the rest of us in not having had their thinking solidified through years of bad habit (1996,234 -235).

Success in a process oriented organization takes tenacity, self reliance, and the resilience to cope with change. It is not for whiners and crybabies; it is not for the rigid; it is not for those who can't go with the flow; and it's not for the dependent. You must be willing to take charge of your life and your career. If situations change and your skills become obsolete, you must recognize it's not your organizations' fault, it is yours for not having stayed on top of development and prepared yourself for new challenges. You must be committed to nonstop learning, to re-learning your credentials over and over again. You must take to heart of the Bible's injunction that "by the sweat of your brow you will eat your bread.". These attitudes must be reflected in behavior. People who recognize success today does not mean success tomorrow will take care to take below their means. They will realize that they may have to face periods of unstable income. Remember that the seven fat years were followed by the seven lean ones, and save hard while you can (Hammer, 1996:240)

According to Michael Hammer (1996:242) in Great Expectations, Mr. Wemmick explains his philosophy of success 'My guiding star always is Get a hold of portable property.' In our process

centered global economy, where job security is oxymoron, we are all portable property. Your surest path to success is to take control of yourself your thinking, your education, your skills, your passion, your humanity-and became an adult who can make his or her way anywhere in the world.

Managers will coach and design rather than supervise and control. Employees will be process performers rather than task workers, the organization itself will be dynamic, flexible organization filled with entrepreneurial zeal and focused sharply on customer needs. It will be an organization who's every employee is important, where people are treated as assets, not as expenses, change will be expected, not feared (Hammer, 1996:228).

The process-centered world is at our doorstep. It is the inevitable result of technological advances and global market changes; the question that we must confront is not whether to accept it but what we make of it. One thing we can do to help cushion the impact of the transition to the process centered world. We can adjust our expectations, process centering is neither all good nor all bad; like everything else in to life, it is a mixed bag whether it is seen as mostly good or mostly bad depends on who is doing the seeing. Our new world will be very different from the one to which we are accustomed, and no one likes letting go of the familiar (Hammer, 1996:265).

As stated in Hammer, (1996:268) serving the customer is not a mechanical act but one that provides an opportunity for fulfillment and meaning process centered work widens our horizons and connects us with others-with our team mates, with our organization, with our customers. In the process centered world dignity is restored to work, the dignity that was lost to workers who only performed repetitive tasks. Pope John Paul II states that "through work man achieves fulfillment as a human being. Man shares by his work in the activity of the creator." By making these prophetic words a reality, the twenty-first-century organization will truly be on the side of the angels.

2.2 Resistance of Change

Resistance is often regarded as the villain of the piece in change management. "How could anyone be so disruptive and self-centered?" is the usual question posed.

I may not be able to cope with the new demands which my employer will make of me. This is particularly common among people who have seen a proportion of their jobs computerized; many people would still prefer not to work with computers which they regard with suspicion and,

sometimes hatred. Although there may be an age profile issue here as well (many people in their fifties, for example, are resistant to changing to a computer system because they fear that they may not be able to cope with it) it is also a product of a more rigid and less flexible (and, in some cases, a less well educated) workforce than would ideally be the case (Buchanan and Huczynski 1997).

This is an inconvenience that I could well do without. Even if I realize the value of the change process (a dubious event in it) I will be seriously inconvenienced by these new proposals and anyway, nobody asked my opinion of the new ideas. Do I not have a right to input into the future of my own job?

This is only changing because he/she wants it to change. There is not intrinsic merit in this change; it is simply someone else's ambition.

If this change goes through I will lose (money, status, comfort, security etc). Therefore I will try to stop it.

Stop and Think

Have you ever been involved against your will in a change at work? What did it feel like? How was it communicated to you? How did you respond?

If resistance is seen as the only way to bring about a halt to the change process, or is seen to be a way of influencing the change so that it impacts upon an employee to a lesser extent than might have been the case, then there are several ways of trying to resist change; here are some of the more commonly used:-

- Divert resources away from the change focus. So, if a good deal of capital is spent on a project which has long been agreed it will leave less and possibly insufficient cash for the change.
- Dissipate energy on surveys, special meetings, data collection and anything else which will slow down the rate of change so that it may eventually be abandoned altogether. It is believed in some quarters that this was the prime method used to persuade the Blair government to abandon the Deputy Prime Minister's proposed referenda on regional

governance, thereby rendering the whole initiative null and void but not before it had consumed at least £65m of taxpayers' money.

- Reduce the change agent's (the change Champion's) credibility, often by spreading rumors, usually unfounded ones. While this descends to a rather unpleasant, personal level of attack on a change programme, it is by no means unknown and can be the source of a successful guerilla tactic. It is not likely that normal relationships with the change agent can be resumed after all the fuss has died down, however.
- Keep quiet and hope that it all goes away. Surprisingly, it sometimes will, perhaps because other, more vocal opponents have already made their opposition known. There is also some (dubious) merit in being seen not to oppose a certain proposed action. For instance, in one local government body it is a matter of policy that, sometimes all staff are instructed to display NOR- No Obvious Reaction to an idea put forward with by a councilor or by external consultants. This will probably not be found in the Induction booklet but it happens wholesale nevertheless (Maund L. 2001).

2.3 Overcoming resistance

So, what can a change agent do to overcome such a barrage of opposition? According to Buchanan and Boddy (1992) the expertise of change agent which is still one of the key benchmarks for change managers, there are eight major actions:-

1. Establish a clear direction and objectives. This might sound simple but, in practice, some change managers are not very sure about what their objectives are; without this clarity, the change programme is very likely to fail.
2. Employ simple, phased programming. Again, too many change managers try to change too much all at once. People need time to get used to the concept of change, never mind the reality. So, a phased introduction of key but smaller changes is often better than trying to change the world all at once not many people have succeeded in doing that.
3. Adopt a fixer- facilitator- negotiator role. This piece of management jargon comes down to some common sense. Fixing is putting something right, so a change manager first has to identify an aspect of the organization which is not working very well. That should be quite easy. Then he/she has to suggest solutions (which will clearly involve change) and facilitate the introduction of such solutions, involving as many staff as seems appropriate.

Finally, the change manager should be able to negotiate with affected staff on behalf of the new solutions to ensure as far as possible, their full and successful adoption. Then the change has happened.

4. Rely on face to face influence. Many changes will be rejected if contained in a report or other piece of paper or even (especially?) on a computer screen. As with any sales process, the key change managers need to be good salespeople; selling ideas is much harder than selling products/
5. Seek out and respond to resistance. Once confronted openly, resistance will often disappear, at least to all intents and purposes. However, the really hard resistance to combat is that kind which lurks below the surface but does not often emerge in public. So the change manager has to seek it out, bring it out into the open and confront it then. By doing so, it may be possible, to allay fears and to end the resistance. At least its worth a good shot.
6. Exploit a crisis. There is even a murky school of thought which is not averse to provoking a crisis in the first place, just to be able to solve it and change the organization in the process. However, this is not recommended unless there is no other option and you are confident that you can cover your tracks very well.
7. Co-opt support early by building coalitions. This is key; if the change is to succeed it will usually be necessary to ensure that most of the vocal and influential members of staff support it. Even if there has to be some kind of reward in it for them, it is often worth adopting this route mainly because it is unlikely that the change will be adopted otherwise. The staff involved then also become change champions and will probably try to ensure its successful assimilation.
8. Make efforts to co-opt the meaningful committee, task force or change team which genuinely carries weight with the employees and other key stakeholders. This is an extension of the previous aspect, based on the same principle of aligning allies as early as possible. As with number 7, the key grouping is likely to be the dominant coalition that is the few people who really run the organization. If these powerful allies can be persuaded that the successful route to the future lies with this particular change, then most of the other barriers will mysteriously fall (EMI 2003:10-20).

2.4 Attributes of successful Change agents

Consequently it can be seen that change agents or change champions as they are sometimes known need a set number of attributes if they are to succeed. Buchanan and Boddy 2000 England again supply the conventional wisdom, although most other change writers back them up on this. Change agents need:-

- Sensitivity to top management perspectives, market conditions and key personnel; without any one of these, the change may not work,
- The ability to set very clear and attainable goals which might well take a major change process step by step.
- The vision to know when it is worth taking a risk and when it is not. This usually comes with experience rather than from a textbook.
- The ability to build successful teams no matter what the raw material is like. There is an analogy with successful football managers here; very few of them arrive at a club and find exactly the right blend of players; they have to recruit either from within the younger ranks or by transferring in players from other clubs. So it is with change managers,
- Good networking skills- so that they can observe how other organizations have tackled a similar problem, so that they can poach good change staff from elsewhere and so that they can keep a finger on the pulse of the external marketplace.
- Tolerance of uncertainty. Change managers may need to exist for quite some time in a very uncertain environment, never knowing quite who is for or against a change for it will vary from week to week. Clearly, this is not a place for the fainthearted or those with significant self-doubts.
- Highly effective communications skills. This is an understatement. What is probably needed most often is a persuasiveness bordering on charisma, certainly, an ability to sell difficult solutions to suspicious staff. It is, in American parlance, rather like trying to get turkeys to vote for Christmas (EMI, 2003).

2.5 Getting commitment to change

Finally, how do we then achieve commitment to change? There are a number of approved ways suggested by the key change writers- Kotter, Lewin, Buchanan & Boddy, Hughes and so on. Drawn from all of these, here are the seven deadly virtues of change management:-

1. People usually support what they help to create - so ensure that as many staff as possible are involved in the change formulation process.
2. Agree the objectives and the strategic agenda by which these objectives will be achieved as widely as possible
3. Define success - what will a successful change process look like? And fully support all those who are supporting this change programme.
4. Provide incentives - preferably including pay, promotion, enhanced development and training possibilities and increased responsibility, much as Herzberg would suggest.
5. Communicate fully not just to all employees but to all stakeholders who could be affected suppliers, partners, customers and so on.
6. Work vigorously with groups and teams to enable them to achieve a shared success. Teams can achieve what individuals cannot and this includes genuine change.
7. Ideally, allow time for one change to become embedded before embarking upon the next one; if that is not possible, at least accept that it takes time for change to become accepted and base a timetable on that reality.

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The basis for this study is ERCA that has reengineered its work processes and started implementation of change management before a year. In this section, the collected data are analyzed and presented in the purpose of understanding the distribution of responses given both employees and management.

A total of 215 questionnaires were distributed out of which 210(98%) were filled and returned to the student researcher. Besides, the data were collected from key informants from front line positions to change management implementation and follow up of its performance such as the deputy Director General of the Change Management and Support function, the Director of Planning and Research Directorate, and the Director of Change Implementation Management Directorate and other Officials.

3.1 Profile of the respondents

The objective of presentation of the respondents profile is to indicate their background with regarding sex, age, education level and service year.

Table 1. Shows Profile of respondents

No	Item	Respondents	
		No	%
1	Sex		
	Male	80	38
	Female	130	62
	Total	210	100
2	Age		
	Less than 30	60	29
	30 - 40	80	38
	41-50	40	19
	Above 50	30	14
	Total	210	100
3	Work experience		
	1 to 3 years	70	33
	5 to 10 years	78	37
	Above 10 years	62	30
	Total	210	100
4	Educational Level		
	Above master's degree	52	25
	MA graduate	36	17
	BA graduate	66	31
	Diploma graduate	37	18
	Other certificate	19	9
	Total	210	100

As shown Item 1 of table 1 the majority of the respondents 130(62%) are female, 80(38%) are male; this shows that male employees are less in number.

In terms of age 60(29%) of the respondents are less than 30, 80 (38%) of them are between 30-40, 40(19%) of them are between 41-50, 30(14%) of them are above 50. This shows that most of the respondents are at the age of 30-40.

As it is indicated in item 3 of table 1 years of stay within the organization 70(33%) less than 5 years, 78(37%) are 5-10 years, 62(30%) above 10 years as most of the respondents are stayed 5-10 years in the organization. From this fact one can say that it is possible to get all level of information from employees.

Regarding educational background 52(25%) of the respondents are above master's degree, 36(17%) of them MA graduate, 66(31%) BA graduate, 37(18%) Diploma graduate, and other certificate 19(9%) most of the respondents have BA. From this fact we can infer that most of the employees are BA graduates.

3.2 Analysis of the study

Table 2. Employees' awareness about change management

	Respondents		
	Item	No	%
Do you have clear understanding of change management?	Very high	14	7
	High	26	12
	Medium	88	42
	Low	49	23
	Very low	33	16

As stated in the above table 14(7%) respondents were their awareness regarding change management replied that as they have very high clear understanding of change management, 26(12%) of the replied says that understanding of change management is high, 88(42%) of the respondents said medium 49(23%) of respondents replied as low understanding. The rest 33(16%) replied as they have very low understanding. So the respondents have medium understanding of change management.

Table 3 Employees' exposure on the concept of change management

	Respondents		
	Item	No	%
	Yes	127	60
	No	79	38
Do you have any exposure to the concept of change management before?	No tick	4	2

As it can be seen in the above in table 3 127(60%) respondents have said as they do an exposure to the concept of change management. The rest 79(38%) as they do not exposure before about the concept of change management and the rest 4(2%) are no tick. From this fact, one can deduce that most of the employees have no clear knowledge about change management concept before.

Table 4 Levels of understanding on change management

	Respondents		
	Item	No	%
	Very high	18	9
	High	38	18
	Medium	74	35
	Low	58	28
The level of understanding of management and employees on change management	Very low	22	10

As can be seen in the table 4 about 74(35%) of the respondents have medium level of understanding of employees and management in all levels of the hierarchy in ERCA Change management, 18(9%) of them have very high level of understanding, 38(18%) of the respondents believe that the level of understanding about change management is very high in ERCA, 58(28%) of the respondents have low level of understanding and the rest 22(10%) have very low level of understanding. From this we can see a medium level of understanding have the employees and managements of ERCA.

Table 5 Responses about where the change management projects should start from

change management projects should start from	Respondents		
	Item	No	%
	Top	98	47
	Bottom	54	26
	Do not know	37	17
	Missing	21	10

According to table 5 98(47%) of the respondents believe that the change activity should start from the top of the hierarchy, 54(26%) of the respondents says that it starts from bottom. The belief of these respondents is in conformity with the idea of Hammer and Stanton (1995:20) which states that change succeeds when driven from the top most level of an organization. However, the beliefs of some 27% of the respondents differ from the above reality and the situation need attention.

The respondents were also asked an open-ended question to know in which departments Change management has been introduced. Why?

The intention of this question was to gauge the awareness about which sections are undertaking change management implementation and which are not. The opinions collected reveal that about half percent of the respondents replied all the sections in ERCA are implementing change management. The remaining half percent of respondents suggested different section which they thought to be included in change management implementation. Some of the respondents under that latter category replied operation section, others replied information management, customer service, and tax centers, human resource management, branch officers and some of the respondents have no idea. This may be an indication of lack of access to essential information.

3.2.3. Change Orientation and Attitude Of Employees and Management

According to Getachew S.(2007:17) it is noted that organizations are operating in a dynamic environment where change becomes the rule rather than the exception. Hence, organizations must introduce change because their environment is changing rapidly. They must adapt to the changing environment otherwise survival becomes very difficult. So it is useful to understand that dynamism is unavoidable to be successful and maintain the survival of organizations.

Table 6 Factors which influenced ERCA to introduce change management

(a) Internal Factors	No	%
The need to improve technology or automate	55	26
The need to increase efficiency & effectiveness	91	43
The need to reduce cost	44	21
The need to define and redefine strategic focus	20	10
(b) External Factors		
The customer needs	88	42
The changing industry or market condition	37	17
The competition	32	15
The advantage of new opportunities	33	16
The shifting government policy	20	10
Others	-	-

From the above table 6, 91(43%) of the respondents under item (a) agree that the highest pressure to introduce change management to ERCA was exerted by the need to increase efficiency and effectiveness followed by 55(26%) of the respondents who believe that the need to improve technology or to automate and the rest 44(21%) to reduce cost, 20(10%) to define and redefine strategic focus the service deliver has exerted its influence on the ERCA internally. At the same time 88(42%) of the respondents under item (b) ,88(42%) of the respondents believe that external factors related to customer needs put pressure on ERCA to introduce change management succeeded by the changing industry and market conditions which is believed to be another factor to put pressure on ERCA to introduce change management by about 37(17%) of the respondents ,32(15%) of the respondents replies that completion also another external factor of change management, 33(16%) of the respondents believes that advantage of new opportunities can affect

change management and the rest 20(10%) of the respondents believe that the shifting government policy can affect externally.

This shows that the majority of respondents are aware of the idea of change is not something in the world of ever changing. Interview result also support this notion of change by explaining that both external and internal factors exert influences of their own to introduce change to one's organization and the interviewees believe that change is an everlasting solution to cope up with the environment changing rapidly. Here it is allowed to choose more than one answer/factor and that is why the number of the respondents exceed the total number of respondents participated in the study.

Table 7 The significance of Improvements in Performances, Customer Service and work environment

Criteria for evaluation	Strongly agree		Agree		undecided		Disagree	
	No	%	No	%	No	%	No	%
(a) Change management serves as a tool for fundamental change and improvement of performances	165	79	40	19	5	2	-	-
(b) Change management essentially helps to provide better customer service	135	64	73	35	2	1	-	-
(c) Change leads to efficiency and effectiveness	177	84	33	16	-	-	-	-
(d) Change improves work environment	90	43	115	55	5	2	-	-

As stated in table 7, item (a) 165(79%) of the respondents strongly agree that change management can serve as a good instrument for fundamental change and improvement in performance, 40(19%) of the respondents agree change management serves as a good instrument for fundamental change and improvement of performances and the rest 5(2%) of the respondents are undecided.

The information under table 7, item (b) reveals that 135(64%) of the respondents feel that change management helps ERCA essentially to provide better service for its customers. 73(35%) of the

respondents agree change management essentially helps to provide better customer service and the rest 2(1%) of the respondents are undecided.

Under table 7, item (c) shows that 177(84%) of the respondents believe that change leads ERCA to better efficiency and effectiveness, 33(16%) of the respondents agree that change leads ERCA to better efficiency and effectiveness.

As indicated in table 7, item (d) , 90(43%) of the respondents replied as change management has helped ERCA improved its work environment, 115(55%) of the respondents agree change improves work environment and the rest 5(2%) are undecided. From this fact, we infer that the significance of improvement in performance, customer services, and working environment is deemed, by the large majority of the respondents 84%, to be bases for efficiency and effectiveness of an organization under study. As the student researcher understands this can be good evidence about the change orientation of ERCA.

The respondents were asked an open-ended question on who was responsible for the change agent in ERCA (Question No. 12)

In the above table, 53% of the respondents replied that the top management have responsible for the change agent in ERCA while 33% of the respondents expressed that all the employees of ERCA have responsible for the change agents in the organization. This shows that still there is confusion about who should lead the change process in front position although the change orientation of employees and other stakeholders cannot be undermined.

Table 8 Responsibility of Role of Change Agent

who was responsible for the change agent in ERCA	NR	%
Top Executive	93	44
Middle level management	33	16
Supervisor level management	16	8
Employees	56	26
External stakeholders	12	6

In the above table 8, 93(44%) of the respondents think that the top executive of ERCA should be primarily responsible to assume the role of a change agent while 56(26%) of the respondents think

that this responsibility should be assumed by the employees of ERCA. 33(16%) of the respondents assume the middle level management to play the role of change agent and 16(8%) of them think the supervisory level management should play this role. And the rest 12(6%) of the respondents believe that external stakeholders have some role as an agent. The intention of this question was to cross check its responses with the responses given to the earlier open ended question above(question No.13 in questionnaire). Almost equivalent number of respondents(majority) were thinking that the top executive should assume the role of the change agent and this is also consistent with the idea of Hammer and Champy(1993:103).

Table 9 The attitude of management towards change management.

The attitude of management towards change management?	Excellent		Very Good		Good		Fair		poor	
	NR	%	NR	%	NR	%	NR	%	NR	%
(a) The initiative taken by top executive to trigger change management	61	29	34	16	98	47	10	5	7	3
(b) The roles played by leaders towards change	63	30	56	27	70	33	11	5	10	5
(c) Harmony with immediate supervisor	68	32	30	14	86	41	18	9	8	4
(d) Informing employees about the happenings around	63	30	41	20	66	31	30	14	10	5
(e) Level of valuing views& participation	53	25	46	22	73	35	29	14	9	4
(f)Satisfaction level of professionalism	62	30	36	17	64	30	40	19	8	4
(g) Rating team spirit	48	23	55	26	63	30	37	18	7	3

Under table 9 item (a), shows that 98(47%) of the respondents rated that the initiative taken by the top executive to trigger change management is good, 61(29%) of the respondents rated it as an excellent and 34(16%) of the respondents rated as very good while 10(5%) of the respondents rated it as fair and the rest 7(3%) of the respondents rated as poor.. The majority of respondents accept that the initiative taken by top leadership to trigger change management is dependable.

In Table 9 item (b), 70(33%) of the respondents believe that the leaders in their work environment play good roles towards change, 63(30%) of the respondents believe that the roles are excellent, 56(27%) of the respondents believe that the roles are played in a very good way by the leaders. In

addition 11(5%) of the respondents believe that the leaders play fair roles towards change and the rest 10(5%) of the respondents replied that the leaders play poor role towards change.

In Table 9 item (c), 86(41%) of the respondents confirmed that they work closely and harmoniously with their immediate supervisors in a good way while 68(32%) of the respondents rate their relation with their immediate supervisors as excellent. At the same time 30(14%) of the respondents view their relation with their supervisors as very good while 18(9%) of the respondents believe that their relation with their immediate supervisors is fair and the rest 8(4%) of the respondents induced that their relation with their immediate supervisors is poor.

Under table 9 item (d) shows that 66(31%) of the respondents, their immediate supervisors keep them informed about what is going around in a good way, while 63(30%) of the respondents confirmed that their immediate supervisor inform them in an excellent way 41(20%) of the respondents rated the situation as very good, 30(14%) of the respondents rated the situation as fair and the rest 10(5%) of the respondents rated the situation as poor.

As it can be observed in table 9 item (e) shows that 73(35%) of the respondents value the acceptance of their views and participation as good, 53(25%) of the respondents value it as excellent and 46(22%) of the respondents rated the acceptance of their views as very good while 29(14%) of the respondents rate it as fair and the rest 9(4%) of the respondents rated the acceptance of their views as poor. This shows that participatory decision making in ERCA is not the much a high ranking one. The respondents of an open ended item in the questionnaires also did not conceal that there is weak commitment and transparency to support employees especially by middle level managers of ERCA.

As stated in item (f) of Table 9, 64(30%) of the respondents evaluate their level of satisfaction about professionalism as good and 62(30%) of the respondents evaluate their level of satisfaction about professionalism as an excellent while 36(17%) of the respondents rate it as very good, 40(19%) of the respondents revealed that their lever of satisfaction about professionalism is fair and the rest 8(4%) of the respondents evaluate their level of satisfaction is poor in ERCA.

At last in item (g) of Table 9, 63(30%) of the respondents rated the team spirit in their work environment as good, 48(23%) of the respondents rated the team spirit in their work environment as excellent while 55(26%) of the respondents rated it as very good, 37(18%) of the respondents rated it as fair and the rest 7(3%) of the respondents rated as poor. However, interviewees from

ERCA made known that new team charts and work manuals are in place to foster team work. From this fact one can say that the attitude of management towards change management in all level of management and employees is not that much clear and sufficient towards the goal achieved by ERCA.

3.3 Prospects of change management at ERCA (Interview questions)

Regarding the prospects of change management including achievements in ERCA, the following data were gathered from interview questions.

The survey results confirm that commitment of top leadership is taken as an achievement. The top leadership took the pain of deciding on the merger of the then three administrations in to one. However, it is argued that those managers at middle and supervisory level do not share the same level of commitment and hence, the situation in lower hierarchies is not as good as the situation at the top.

Another ongoing achievement identified was effort made to raise awareness and gain the support of legal business community as well as other stakeholders service delivery (simplicity, transparency, timeliness, harmony and so on) is also improving.

Adjustment in salary scale and other performance incentives and benefits is expected to enhance the sense of ownership and commitment of employees.

Capacity building measures keeping workers fit for the competitiveness of the time have been introduced. For example, trainings have been conducted on strategies and policies of government, change management concepts, study results and manuals, awareness creating forums on the implementation of the new proclamations, rules and regulations and many trainings and consultation workshops have been conducted so for.

Two separate benches, one in Federal first instance court and another in Federal high court have been established in order to give due emphasis to taxes and customs related cases. As a result ERCA has been a winner of claims and beneficiary of judgment in above 91% of its cases in the current budget year. This figure is taken by different participants of the discussion as an accomplishment recorded for the first time in the history of ERCA.

The study has also confirmed that the step taken by ERCA to foster the participation of the business community in steering committee meeting and board meeting is another smart measure to encourage coherence between business society and government.

Attitudinal change of employees is improving because it is possible to identify strong or weak performers in order to award or punish them respectively. This is included clearly in the regulation No. 155/2008 provided for administration of employees and prosecutors. Balanced Scorecard (BSC) is introduced as an objective measurement of performance in order to avoid the subjectivity problem prevailing.

Reduced tax evasion and fraud due to strengthened enforcement capacity has increased the credibility of ERCA by legal (licensed) business entities although smugglers and/or offenders hold different stand here.

3.2.5 Challenges Encountering BPR Implementation

According to Linden R. (1994:77) change management requires us to challenge fundamental assumptions on which the organization is built by radically redesigning its processes, systems, and structure around desired outcomes. The student researcher understands that when one tends to challenge the conventional wisdom and received assumptions of the past and introducing new approaches to the system, it is inevitable that this reinvention process will have a tendency to challenge oneself back having the above reality in mind, the respondents were asked an open ended question in search of response/information on challenges encountered in implementation of change management at ERCA.

The research result revealed the existence of challenges such as knowledge gap expressed in the form of weak understanding about change management concepts and its objectives; and considering change management as a political tool rather than a management tool. However, interviewees from the management side argue that all the capacity building measures keeping employees on equal footing were taken.

In sufficient attitudinal change by employees and management remains challenging. The survey result made known that this insufficiency in attitudinal change is expressed in the form of resistance to change; old mentality expressed in the form of benefit orientation by some of the management members and employees; negative thinking emanating from status consciousness,

fear of dismissal, fear of change and the like; and lack of sense of belongingness. Again their challenge pertaining to deployment/placement issues such as dissatisfaction about the credence given to education and work experiences; inappropriate work assignments given (there is a dissatisfaction that the right person at the right position principle was not followed); and unfair distribution of positions (some sections have relatively excess manpower and positions while others have been less manned). In general, the student researcher has observed gap in coping up with the new system which increase values pertaining to cooperation within the system as well as with external customers.

And also some problems are also still unsolved for reasons like lack of experience and knowledge to follow and record the performance of each employee under one's supervision, overlapping responsibilities from shortage of man power put another pressure on individuals who have those responsibilities.

There is also problems related to the participatory decision making expressed in the form of ambiguity about criteria of work assignment; lack of clarity in measuring work performance, delayed decisions in middle level management due to problems in delegation or empowerment, absence of clear monitoring and evaluation system and turnover of rules and regulation without sufficient consultation of workers.

There is constraint of resources to implement change management as intended. This idea was supported by most of the participants in both interview and questionnaire surveys as well as archives consulted. This was explained in such a way that facilities included in the reengineering study are not still supplied fully. However, regarding availability of human resource, ERCA has attempted to redeploy its existing staff, recruit new staff and also to give work transfers to the applicants from other public organizations that have been witnessed to be competent and ethical.

Still there is unsolved problems related to tax payers' knowledge and capacity and hence voluntary compliance with rules and regulations is at its immaturity stage. However, some interviewees tried to explain that the degree of compliance with rules and regulations (voluntary declaration of incomes and payment of tax) is improving after installation of change management. Nonetheless, the researcher believes that tax payers' education and communication still require unrelenting effort to reach on reliable voluntary compliance level.

There is weak cooperation among different public offices regarding revenue generation and collection. Therefore, some of the respondents recommend that the reform program of the revenue sector need to be led by the Prime Minister's office in order to facilitate synergy among different institutions of public and private origin.

Inconvenient office lay out which is incompatible with the idea of seamless office layout. The survey result revealed that the office should be arranged in such a way that it can enable ERCA deliver one stop-shopping service This idea of the subject of the study is also compatible with Linden R.(1994:4) who states that the customers of seamless organizations are in direct contact with the service providers; there are no forms, handoffs, or runarounds. However ,an interviewee from top management, explained that the new office deemed to be convenient for one-stop-shopping is under construction to solve the problem in near future; otherwise he appreciated the concern of the respondents.

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter deals with findings of the study, conclusions that are drawn on the bases of these findings, and recommendations forwarded.

The objective of the study was to assess the implementation of change management in order to explore the challenges encountering the implementation process and to assess the prospective situations of change management implementation at ERCA.

Furthermore; the study has set the following specific objectives:

- 1. To understand the awareness level and attitude of employees and management of ERCA towards the BPR.**
- 2. To discover the prospects (indicative achievements) that upholds the success of change management implementation.**
- 3. To identify the challenges encountering the implementation of change management.**

In order to meet the set objectives, the study has been guided by the following research questions:

- 1. How is the awareness level and attitude of management and employees of ERCA towards change management?**
- 2. What are the prospects/indicative achievements of change management undertakings in ERCA?**
- 3. What are the major challenges/problems that impede implementation of BPR?**

The study was carried out in ERCA. The primary data have been collected from employees, management team, through questionnaires and in-depth interview. Secondary data has also been collected from sources such as proclamations, regulations, bulletins, reports, and monthly published news paper called ‘Gebi Lelimat’

The major findings of the study, regarding the participants' awareness level and attitude, the suggested impeding factors and the indicative achievements of BPR undertakings in ERCA are discussed here after as following. This chapter deals with findings of the study, conclusions that are drawn on the bases of these findings, and recommendations forwarded.

The objective of the study was to assess the implementation of change management program in order to explore the challenges encountering the implementation process and to assess the prospective situations of change management implementation at ERCA.

4.1. SUMMARY OF MAJOR FINDINGS

Analyses of the data gathered confirm the following findings:

- The ambition of the top management to improve technology and to increase efficiency and effectiveness has been the main internal reasons which compelled ERCA to introduce change management. It is also understood from the study that the above ambition of the top management have been emanating from challenges related to inefficient revenue administration, prevailing corruption in the sector, contraband movement, stringent and redundant work processes and the need to redesign the organizational structure which had been shaped in the command economy during the previous regime.
- The study revealed that pressure from external customers which demands improved service delivery; pressure from government side to get the revenue sector reformed; the current global situation; and the like external factors compelled ERCA to undertake change management.
- Besides, the work process for change management undertaking selected by using dysfunctional and important criteria during which series of discussions made with management members, employees and other external Stakeholders.
- There is a visible awareness gap among employees, management and external customers about the concept, objective and significance of change management.
- Employees and management at different levels of the hierarchy have been receiving training as a result of change management implementation, but still the need for training and development remains a high priority.

- It was found that factors like data management; tax payer education and communication; customer service and support; enforcement of laws, rules and regulations; collection of revenues due to the government; and human resource management and development are identified as strategic focus areas of ERCA.
- There is a visible knowledge gap between employees and management signaled by weak understanding about change management. Significant number of the members lack clarity on the concepts, objectives and importance of change management and hence, views the program as a political tool which is aimed at downsizing rather than a management tool. However, ERCA has been appreciated for conducting the study without costly mistakes and also has not down sized its human resource as such as witnessed by other participants.
- Some of the employees forwarded that there was unfair deployment of the existing staff which has not given due weight for education and work experience as well mismatch between qualifications and positions observed. However, the management side argues that all the existing employees have been given their position fairly based on the newly designed minimum requirements, their past and present performances, their qualifications and their work experiences
- There is no clear monitoring and evaluation mechanism, objective performance measurement, and support giving mechanisms
- ERCA is injecting new blood (employees) to the system aggressively and this measure in turn is expected to reverse the existing shortage of professionals and other problems related
- There is a significant mismatch between the level of understanding by government and by that of a business community. Ethiopian government is attempting to introduce a very modernized tax administration system while business community is in trouble to make the same pace
- Strong public private partnership is expected to contribute more to the success of Change management implementation and foster the alliance between government and private sector, but it is in its weak stage now
- There is still problem in VAT administration which indicates unfairness of the system by treating people of similar capital in differing ways, i.e. those who have been registered as VAT registrant are liable to collect VAT from customers and transfer it to the tax

authority while others are not obliged .However, ERCA argues that it is on the way of bringing all the tax payers who should be included in this category together

- Furthermore, ERCA has no dependable risk assessment system which is backed by reliable information technology (IT)
- As it is confirmed by most of the participants, ERCA is in good position to consult, to cooperate with, and to accommodate suggestions from its stakeholders and hence, improvements are seen. But in contrasting way other participants put that there is no significant improvement in the performance of appeal committee and the like
- In relation to the attitude of employees and management, it is found that there is an implicit change resistance(weak change orientation); status consciousness; benefit mindedness; and inability to adopt change with regard to some middle level managers and employees
- The newly introduced salary scale has motivated the employees and hence they started to think that they are responsible to contribute an equivalent return to the government who became responsive to their question of improved remuneration
- As it is confirmed by the interview held with key informants(management team members), the newly established intelligence, investigation and risk assessment systems enabled ERCA to classify its customers in to different categories and this helped to align its resource allocation as well as its efforts towards those areas to be classified as risky
- The risk taking quality of leadership in ERCA is remarkable. The leadership has been absorbing all the shocks emanating from status orientation and from the like diverging interests
- The recordkeeping system followed by ERCA is manual and as a result it is difficult to trace and measure the performance accurately
- Employees and process owners in ERCA are in trouble to get out soon from the previous situation. The new environment need facilitation of services than management control, but they are still biased to management control and are usually occupied more of by routine works. This idea is confirmed by most participants of the study
- Significant increase in revenue collection is recorded as per the confirmation both from the discussion made with different participants and also from the seasonal reports of the authority. This is so because of improved education and communication, improved service delivery time, improved enforcement capacity , improved auditing practices, usage of improved control technologies like TIN, cash register, finger print machine, cargo tracking,

weigh bridge, mobile scanning and so on. However, this study also indicates that a long way is awaiting ERCA to reach on an ideal level of revenue collection

- There is an insufficient human skill development practice in ERCA. The type of trainings conducted by ERCA are of short term and awareness creation focused, but against this view another finding shows ERCA is conducting two different types of trainings practically. The one is an induction which aims at creating awareness about work environment and some seasonal issues. Another one is skill development which aims at upgrading the competence, knowledge, professionalism and so on.
- In other way, the study revealed that there is lack of job rotation which turns around employees to different posts in order to minimize their exposure to corrupt acts due to their durable stay in the same position.

4.2 CONCLUSIONS

Taking the data analysis and the findings in to account the following conclusions could be reached.

- 4- The research results appear to underscore that public service in Ethiopia can be improved if commitment, ownership, and the drive for change are in place. In particular, change management has brought significant change in the efficiency and performance of the public sector organizations in which the current organization under study is included.
- 4- According to the findings, it is possible to conclude that those external factors such as the ambition of the federal government to get the revenue sector reformed; the need to receive improved service delivery by external customers; and the national and international market and industry situations had compelled ERCA to undertake change management. The internal reasons like the ambition of the top management to improve technology, to increase efficiency and effectiveness, to redesign the strategic focus and so on exerted similar influence on ERCA to undertake change management. On the basis of this study, a one and half year continuous change management study came up with the idea of merging the three forgoing tax administering institutions in to one authority called ERCA. This idea of merger has been accepted as a point of departure by Ethiopian government and ERCA was established by proclamation No. 587/2008. The student researcher is interested to use the prospects or indicative achievements in this study and attempted to conclude the prospects and challenges facing change management implementation at ERCA.

- I- The researcher understands that it is premature to assess the achievements of change management in a year time. No one can expect a transformation within a year. Based on this fact, the researcher is interested to use the prospects or indicative achievements in this study and attempted to conclude the prospects and challenges facing change management implementation at ERCA.
- I To start with the prospective situations, there are prospects including ongoing achievements which are looked forward to improve the situation as per the finding of the study. These include the change management exercise resulted in the sector; the existing commitment of leadership is expected to maintain change with qualified manpower (new blood) to the system is promising; new salary scale, performance incentives and benefits introduced are expected to induce commitment and sense of ownership of workers; amendment of laws, rules and regulations in such a way that they can facilitate the change; new code of conduct to be followed by members of ERCA in the discharge of their duties including registration of property, the training and development practices held are expected to scale up the knowledge of workers; the newly introduced intelligence, investigation and risk assessment systems are expected to check corruption or at least to lessen its incidence.
- I Generally, the achievement registered so far at ERCA can be attributed to various factors among which are the commitment and full involvement of top leadership and the government of Ethiopia to get success in the change management endeavors may be able to lead ERCA to efficient and effective collection of Federal revenues that the economy generates in order to bring rapid and sustainable development as stated in vision statement of ERCA. However, it should be understood that change management cannot be a guarantee for success. Unless internalization of the concept of change management gets improved and ERCA gets rid of those who block the transformation process, the change may tend to backslide. Furthermore, there is a belief that the motive of change management is largely political driven than management tool.
- 4- Contraband and tax fraud are not under very control of ERCA ; VAT related challenges still exist; visible commitment gap among workers due to reasons like pessimism, disappointment on the placement made, and so on; irregularities in service delivery and transparency issues; bias to management control approach than facilitation of services; weak evaluation and monitoring system due to manual documentation and track

record system followed; lack of objective measurements of performances to compare the results against standards set; weak IT infrastructure; weak risk assessment mechanisms; absence of proper job rotation; and weak intolerance of corrupt acts.

- 4- On top of the above mentioned challenges, there are additional challenges from outside such as lack of strong public private partnership; weak coordination among stakeholders about tax payers education and communication; big gap of thinking between government and business community which resulted in low compliance level though it is reported to be improving; weak cooperation among different actors of public or private origin such as commercial banks, public offices (Ministries, Agencies, Departments etc.), postal service, Transporters, transit service providers, airport security, dry port service, investment agency, warehouse operators and project implementing/owning institutions like Ethiopian Electric Power Corporation, Ethiopian Telecommunication Corporation, Ethiopian Road Authority, and so on. From here it is logical to conclude that the revenue sector is surrounded by challenges and hence it is not generating the amount due to the state exhaustively.

4.3 RECOMMENDATIONS

On the basis of ERCA's change management attempt that was summarized under the findings of the study, the following recommendations are made:

- According to the findings of this study, the leadership in ERCA assumes the role of a change agent and has commitment to get the revenue sector transformed, but most of the managers in middle and lower levels as well as the employees lack determination, courage and skills of management in the level that radical change requires. The leadership needs to create conducive environment by embracing more change agents in the reengineering effort. Otherwise undertaking change management in this situation will become a deceptive exercise
- It is high time that ERCA should develop and maintain an awareness creation so as to make a good ground for all its members to internalize the concept of change management. This can be done by rapidly increasing change agents and consistently addressing the benefits of change management.
- ERCA has made a significant improvement on its overall institutional functionality. However, from the finding of this study, it is possible to infer that change management

implementation has not brought a radical change in ERCA. ERCA has to consider a radical change in respect of employees' attitudinal and behavioral change. This can be resulting from a focus on harnessing more of the potential of people which requires a continuous capacity building and transparent and participative decision making. By so doing, it is possible to identify those sources of reactivity of employees; to put remedies to these barriers; to exercise thorough support and follow up in the attempts of employees to get out of these barriers ; and finally, to take corrective measures if the reactions are deliberate

- It is crucial to give priority to facilitation of delivery of value than maintaining management control. The existing emphasis on management control both internally and externally needs to get reversed. Staff participation and efforts of all customers both internal and external need to be sought to ensure success. This is not by leaving the need for enforcement of laws, rules and regulations aside.
- Objective performance measurements are of a vital importance to enable ERCA to know the extent to which it satisfies its customers, to identify its improvements and to base its decisions on facts. This study revealed that there is no strong monitoring and evaluation systems in ERCA currently and hence the performance measurement activity is exposed to subjectivity. There is no objective performance measurement in place and performing below standard is prevailing. Therefore, ERCA needs to develop an appropriate performance measurement.
- Enhanced voluntary compliance of tax payers is at its immaturity stage as this study revealed. This also needs improved tax payers education and communication, improved customer service and support activities, and improved public private partnership (forum) to foster alliance and coherence in between and also to reach on enhanced voluntary compliance level. This in turn will enable ERCA to contribute to economic development and social welfare of Ethiopia through effective revenue collection. In concluding the thesis, it can be said that if above mentioned recommendations are implemented the change management in ERCA will become more effective in fulfilling the Authority' objectives, goals, mission and vision.

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Appendixes

St. Mary's University

Faculty of Business

Department of Management

Questionnaire to be filled by Employees.

Dear Respondents:

The purpose of the questionnaire is prepared to assess and analyze the impact of change management of Ethiopian Revenue and Customs Authority. This research is conducted for partial fulfillment of BA degree in management. The study initiated with the view to secure your honest opinion and comments pertaining change management of Revenue and Customs Authority. Certainly, the outcome of the research will serve as valuable input for the understanding of change management of the office. The student takes this opportunity to express their heart-felt gratitude for taking the time to fill this questioner, your genuine response and comments are vital for the completion of the research.

N.B.

- Information is being required purely for academic purpose kept strictly confidential.
- Don not writes your name.
- Please put tick (■/) mark in the boxes or your comment (options) in the space provided.

A. Personal Profile

1. Sex : Male ☐ Female ☐
2. Age :
Less than 30 ☐ 30 - 40 ☐ 41-50 above 50 ☐
3. For how many years you served in your organization?
From 3 to 5 years ☐ From 1 to 3 years above 5 years ☐
4. Education level
Above Master's degree ☐ MA graduate ☐ BA graduate ☐
Diploma Graduate | | Other Certificate | |

Section One: Awareness of members of ERCA about Change management

1. Do you have clear understanding of change management?

Medium II

Yes No II Missing

Medium 

Other specify _____

Departments Reasons

Section Two: Reasons to introduce Change Management to ERCA

6. Which of the following internal factors exerted pressure on the ERCA to introduce change management (Note: more than one responses is possible)

To improve technology or automate ZZ

To increase efficiency & effectiveness ZZ

To reduce cost ZZ

To define and redefine strategic focus ZZ

Other specify _____

7. Which of the following external factors put pressure on the ERCA to introduce change management?

Customer needs ZZ

Change in industry or market conditions |ZZ|

Competition

Advantage of new opportunities ZZ|

Shifting government policy ZZ|

Others specify _____

8. Does Change Management serves as a good instrument for radical rethinking and improvement of processes and workflows?

Strongly agree ZZ

Disagree ZZ

Agree ZZ

Strongly disagree ZZ

Undecided ZZ

9. Does change management essential to provide better customer service

Strongly agree ZZ

Disagree ZZ

Agree |^|

Strongly disagree |^|

Undecided

10. Do you think that change management lead to efficiency and effectiveness?

Strongly agree ZZ

Disagree ZZ

Agree ZZ

Strongly disagree ZZ

Undecided II

11. Does change management help Ethiopian Revenues and Customs Authority to improve its working environment?

Strongly agree ☐

Disagree ☒

Agree ☐

Strongly disagree ☐

Undecided ☒

Section Three: The commitment of management towards Change management

12. Who do you think a change agent to introduce Change management in ERCA?

Top Executive ☐

Middle management ☒

Supervisory management ☒

Staff employees ☒

Other specify _____

13. Who do you think should be primarily responsible for the role of a change agent?

Top executive ☐

Supervisory management

☐

Middle management

HHStaff employees

☐

External stakeholder ☐

Other specify _____

14. How do you rate the initiatives taken by top executive to trigger change management in Ethiopian Revenue and Customs Authority?

Excellent ☐ Good ☐

Fair ☐ Poor ☐

15. To what extent are the leaders in your work environment play positive role towards change?

Excellent ☐ Very Good ☐ Good ☐

Fair ☐ Poor ☐

16. How closely and harmoniously do you work with your immediate supervisor?

Excellent ☐ Very Good ☐ Good ☐

Fair ☐ Poor ☐

17. How well your immediate supervisor keeps you informed about what is going on in the organization?

Excellent ☐

Very Good ☐

Good ☐

Fair ☐

Poor ☐

18. To what extents are your view and participation valued (accepted) in ERCA?

Excellent ☐

Very Good ☐

Good ☐

Fair ☐

Poor ☐

19. How do you evaluate your satisfaction level of the professionalism of the people with who you are working?

Excellent ☐

Very Good ☐

Good ☐

Fair ☐

Poor ☐

Part II: Open Ended Questions

20. What challenges do you observe in implementing change management in ERCA? Please enumerate

21. How could these challenges be overcome? Please suggest the possible solutions including any other requirement which you think are valuable for successful implementation of change.

Interview questions for management staffs.

- 1. How do you evaluate the change management practice in Ethiopian Revenue and Customs Authority?**
- 2. How do you the stakeholder/customers can take part in measure the effectiveness of change management in Ethiopian Revenue and Customs Authority?**
- 3. Would you mention factors compelled ERCA to introduce change management to its system?**
- 4. Would you enumerate some main indicative achievements/prospects which are brought about change management?**

Thank you again for taking your valuable time!!

Declaration

The undersigned, declare that this senior essay is my original work, prepared under the guidance of Ato Seferu Gagar. All source of materials used for the manuscript have been duly acknowledged.

Name: Welansa Wegayehu

Signature: _____

Place of Submissions: St. Mary's University

Faculty of Business

Department of Management

Addis Ababa

Date of Submission:

Submission Approval Sheet

This senior research paper has been submitted to the department of management in partial fulfillment for the requirement of BA degree in Management with my approval as an advisor.

Name : Ato Seferu Gagar

Signature: _____

Date:



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